

INSTALLATION

To install your new tools, follow these instructions:

- 1) Get into the QuickEditor by going TOOLS-QUICKEDITOR.
- 2) Click TRANSFER.
- 3) Select the second button: "Transfer Analysis Techniques FROM EasyLanguage Archive File (.ELA)".
- 4) Find the floppy disk through BROWSE-DRIVES-A:.
- 5) A list will appear with possible tools to transfer. Select the one you wish to transfer by clicking on it then hitting OK-OK.
- 6) Choose "Transfer All."
- 7) If there are more tools you wish to transfer from the same disk, just repeat these steps.

INDEX OF FUNCTIONS AND INDICATORS

The following user functions have been included:

MA_Momentum(**price,length,smooth**): Calculates a very smooth, low lag momentum indicator.

price refers to the price series you wish to process. The default is the close, but almost anything can be input into the filter, including other indicators.

length tells the indicator how many past bars to take into account when deriving its current value. Default is 10.

smooth is a smoothing factor applied to the raw price momentum before putting it through the filter. Since the filter smoothes very well on its own, large values are not required. Default is 4, but different values may work better for your applications.

MA_PivotsTrend: Described below.

The following indicators have been included:

MA_Pivots(**textadd,txtcolor**): Plots minor and intermediate term pivot points on the chart. Works only with TradeStation.

textadd tells the indicator how far above/below intermediate highs/lows it should print the “x”. A value of zero will result in the x being written right on top of the price bar, which may look cluttered. A value of 0.2 works well for the S&P 500 market, but other markets will require different values.

txtcolor tells the indicator what color it should make the “x”'s.

MA_PivotsTrend: Based on MA_Pivots. Returns a 1 if the market is in an uptrend or a -1 if the market is in a downtrend.

When using any technical indicator, a trader is faced with a dilemma. Does he smooth the indicator to reduce noise and obtain a clearer picture of market action or does he leave it raw to keep lag to a minimum? The smoothest indicator is useless if it has so much lag that it cannot be used to generalize about the future. Likewise, a very timely indicator is also of little value if it gives too many false signals due to noise.

Fortunately, MA_Momentum suffers from neither of these problems. It is both smooth and timely, and is in this respect a step above other technical indicators. Use it as you would use raw momentum. Positive values correspond to positive price changes while negative values correspond to negative price changes. The versatility and usefulness of this tool are bounded only by your creativity in applying it. For example, one valuable use we have found for it is to use it as a filter in channel breakout systems. In other words, only take the breakout signal if the momentum is increasing and vice versa. In this way, many false breakouts can be eliminated.

Note that MA_Momentum contains a smoothing factor. This is included to allow you to customize the indicator to your tastes. Remember that higher values will result in increased lag, so try and keep your smoothing to a minimum. We wouldn't recommend using a value greater than 5 or 6. In a future version, this smoothing factor will probably be replaced by an auto-smoother which will scale the smoothing factor up or down depending on the volatility of the market.

As a bonus, we have included MA_Pivots. This indicator will track the minor and intermediate term swings on any market and will mark them on the chart as they occur. Unfortunately, this indicator will not work with SuperCharts.

MA_Pivots defines a minor pivot high as a high that is higher than the two highs on either side of it. Pivot lows are lows with two higher lows on either side of it. A pivot high may be made up of more than one bar as well. For example, a pivot high may also consist of three equally high highs flanked on both sides by two lower highs. This is also a valid pivot high and the software is able to recognize it.

As the market trends up and down, it will leave a trail of minor pivot highs and lows in its wake. We can organize these pivots into intermediate term swings. If we have a succession of lower pivot lows, we have an uptrend. A succession of lower pivot highs defines a downtrend. The only way to break an uptrend is to violate the last(highest) pivot low to the downside. The only way to break a downtrend is to violate the previous pivot high to the upside.

MA_Pivots will watch the pivot lows and highs to determine whether the trend is up or down. If up, it will wait until a pivot low is violated to the downside. Once this happens, we can be sure that the intermediate upswing is over. MA_Pivots will find the highest price in the upswing and will place an "x" over the top of it. That is now an official intermediate term high and the market is considered to be in a down swing. This will not change until one of the pivot highs is broken.

MA_Pivots provides very valuable information, especially when used in conjunction with other tools such as MA_Momentum. When in a

downtrend, look for opportunities to sell and use the pivot highs as places to put your stops. Reverse the process for an uptrend.

It always pays to know the trend of the market, and MA_Pivots is a good way of objectively determining this piece of information.

Note that you can set the color of the x's that will be placed at each intermediate swing point by changing the value of the input *txtcolor*. A list of possible colors is included at the back of this manual.

CONTACT INFORMATION

We hope you find your new tools useful and trouble free. If you do have problems or questions, you may contact Erik Been at (303) 494-7613 or may send email to erik@marketanalytics.net. Also, you may wish to check www.marketanalytics.net often to keep ahead of new products or offerings. Good Trading!

INSTRUCTIONS FOR CREATING SUPERCHARTS INDICATORS

Since the PowerEditor version of our indicators will not work in SuperCharts, users of this program will occasionally need to create their own indicators using the QuickEditor. This is no reason to worry, since compatible indicators can be created from within SuperCharts using the following instructions:

- 1) Start SuperCharts and open the QuickEditor.
- 2) Click the indicator tab to specify that you wish to make an indicator and select "New."
- 3) Name your new indicator. We like to start everything off with "MA_" so that all of our tools are together, but the name is entirely up to you.

- 4) Click the “Inputs” tab and fill in the blanks with the names of the inputs. The appropriate inputs for your function can be found at the front of this manual under the Index of Functions section. Keep the same names to avoid confusion.
- 5) Once the inputs have been specified, click the “Formula” tab and fill in the blank next to Plot1 with the function name including inputs. Copy it as it has been written in the Index of Functions in this manual or use the Function Wizard at the bottom of the screen to select it from the list of available functions.
- 6) If you wish to add other plots, do them now. Buy zones, sell zones, and zero lines are always useful. In the case of MA_Predict, you may also wish to plot the original predicted variable for comparisons sake.
- 7) Next click the “Style” tab and set the colors for each plot.
- 8) After you have set the colors, you should go to scaling and make sure the settings match what you wish to plot. Choose “Screen” if you want the indicator to be separate from the price data. Choose “Same as Price Data” if you want the indicator to be overlaid on top of price as in the case of moving averages.
- 9) Now you should be done. Click the OK button and SuperCharts will verify your study. If there are problems you will be warned.
- 10) Your indicator is complete. Open a chart and click on INSERT-ANALYSIS TECHNIQUES-INDICATORS. Find your indicator and select it to apply it to the chart.

COLOR CODES FOR MA_PIVOTS

Note that the indicator will accept either the number or the word in the following list as an input to change the colors of the x’s.

Tool_Black	1
Tool_Blue	2
Tool_Cyan	3

Tool_Green	4	
Tool_Magenta		5
Tool_Red	6	
Tool_Yellow		7
Tool_White	8	
Tool_DarkBlue	9	
Tool_DarkCyan	10	
Tool_DarkGreen	11	
Tool_DarkMagenta		12
Tool_DarkRed		13
Tool_DarkYellow	14	
Tool_DarkGray	15	
Tool_LightGray	16	

Market Analytics

Momentum Toolkit Manual